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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

January 14, 2005

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the second quarter of Fiscal Year 2005 ending December 31, 2004.

FISCAL MATTERS

<i>FY 2005 – SECOND QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 4,018,200	\$ 1,933,913	\$ 0	\$ 2,084,287
Employee Retire. (Employer)	56,700	55,189	0	1,511
State Retirement	631,100	324,825	0	306,275
Social Security	299,800	142,058	0	157,742
Contractual Services	653,300	269,001	200,638	183,661
Travel	95,000	28,933	0	66,067
Commodities	20,000	1,646	0	18,354
Printing	22,000	10,884	0	11,116
Equipment	50,000	10,945	0	39,055
EDP	75,000	10,333	11,000	53,667
Telecommunications	75,000	23,761	0	51,239
Oper. of Auto. Equip.	5,000	290	0	4,710
Audits/Studies/Invest.*	<u>13,735,145</u>	<u>3,376,820</u>	<u>6,478,594</u>	<u>3,879,731</u>
TOTAL	<u>\$19,736,245</u>	<u>\$6,188,598</u>	<u>\$6,690,232</u>	<u>\$6,857,415</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<i><u>09-30/04</u></i>	<i><u>Appointments</u></i>	<i><u>Separations</u></i>	<i><u>Transfers</u></i>	<i><u>12-31-04</u></i>
Springfield	66	3	2	0	67
Chicago	<u>06</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>06</u>
TOTAL	<u>72</u>	<u>3</u>	<u>2</u>	<u>0</u>	<u>73</u>

CONTRACTS

During the second quarter of Fiscal Year 2005 the Office of the Auditor General entered into one financial/compliance audit contract and one information systems audit contract.

TRAINING

During the second quarter of Fiscal Year 2005, OAG-sponsored training included:

- New Employee Orientation and Sponsor Program
- Troubleshooting Subrecipient Monitoring
- Ethics

Additional external-sponsored training in which staff participated included:

- Auditing Unix Servers from an Auditor's Viewpoint
- Auditing for Fraud
- The Causes of Ethical Collapse
- Professional Ethics
- 2004 NASACT Annual Conference
- State Internal Audit Managers 2004 Fall Conference
- Vulnerability Management
- Accounting and Financial Reporting for OPEB

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Management Audit of the Illinois School District Liquid Asset Fund Plus (<i>Senate Resolution No. 171</i>)	Spring 2005
<ul style="list-style-type: none">• Study: State Employee Travel Between Chicago and Other Illinois Cities (<i>House Resolution No. 1039</i>)	Spring 2005
<ul style="list-style-type: none">• Management and Program Audit of Department of Commerce and Economic Opportunity's Administration of its Economic Development Programs (<i>House Resolution No. 671</i>)	Summer 2005
<ul style="list-style-type: none">• Management and Program Audit of the Department of Transportation's Traffic Safety Programs (<i>LAC No. 129</i>)	Fall 2005

REGIONAL OFFICES OF EDUCATION AUDITS

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. As of December 31, 2004, all 48 fiscal year 2003 audits had been released.

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS

The following is a listing of financial audits, single audits and compliance attestation examinations for the period(s) ending June 30, 2004, September 30, 2004, December 31, 2004, and April 30, 2005. As the year progresses the “date released” column will be completed.

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS FOR THE PERIOD(S) ENDING JUNE 30, 2004 ,SEPTEMBER 30, 2004, DECEMBER 31, 2004, AND APRIL 30, 2005
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F = Financial Audits

S = Single Audits

C = Compliance Attestation Examinations

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General				
Capital Development Board				
Chicago State University				
Chicago State University Foundation				
Comptroller – Fiscal Officer				
Comptroller – Non-Fiscal Officer				
Department on Aging				
Department of Agriculture (DuQuoin Fair) <i>Interim Work 9/30/04</i>				
Department of Agriculture (IL State Fair) <i>Interim Work 9/30/04</i>				
Department of Central Management Services				
Department of Central Management Services (Deferred Compensation Plan) (12/31/04)				
Department of Children and Family Services				
Department of Commerce and Economic Opportunity				
Department of Corrections – General Office				
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>				
Dept. of Corrections, Correctional Center – <i>Centralia</i>				
Dept. of Corrections, Correctional Center – <i>Danville</i>				

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center – <i>Decatur Womens</i>				
Dept. of Corrections, Correctional Center – <i>Dixon</i>				
Dept. of Corrections, Correctional Center – <i>Dwight</i>				
Dept. of Corrections, Correctional Center – <i>East Moline</i>				
Dept. of Corrections, Correctional Center – <i>Graham</i>				
Dept. of Corrections, Correctional Center – <i>Hill</i>				
Dept. of Corrections, Correctional Center – <i>IL River (Canton)</i>				
Dept. of Corrections, Correctional Center – <i>Jacksonville</i>				
Dept. of Corrections, Correctional Center – <i>Lawrence</i>				
Dept. of Corrections, Correctional Center – <i>Lincoln</i>				
Dept. of Corrections, Correctional Center – <i>Logan</i>				
Dept. of Corrections, Correctional Center – <i>Menard</i>				
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>				
Dept. of Corrections, Correctional Center – <i>Pontiac</i>				
Dept. of Corrections, Correctional Center – <i>Robinson</i>				
Dept. of Corrections, Correctional Center – <i>Shawnee</i>				
Dept. of Corrections, Correctional Center – <i>Sheridan</i>				
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>				
Dept. of Corrections, Correctional Center – <i>Stateville</i>				
Dept. of Corrections, Correctional Center – <i>Tamms</i>				
Dept. of Corrections, Correctional Center – <i>Taylorville</i>				
Dept. of Corrections, Correctional Center – <i>Vandalia</i>				
Dept. of Corrections, Correctional Center – <i>Vienna</i>				
Dept. of Corrections, Correctional Center – <i>Western Illinois</i>				
Department of Corrections, Correctional Industries				
Dept. of Corrections, IL Youth Center – <i>Chicago</i>				
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>				
Dept. of Corrections, IL Youth Center – <i>Joliet</i>				

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, IL Youth Center – <i>Kewanee</i>				
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>				
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>				
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>				
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>				
Department of Employment Security				
Department of Financial Institutions				
Department of Human Services				
Department of Insurance				
Department of Military Affairs				
Department of Natural Resources				
Department of Professional Regulation				
Department of Public Aid				
Department of Revenue				
Department of State Police				
Department of Transportation				
Department of Veterans' Affairs – General Office				
Drycleaner Environmental Response Trust Fund Council				
DuPage Water Commission (4/30/05)				
East St. Louis Financial Advisory Authority				
Eastern Illinois University				
Eastern Illinois University Alumni Association				
Eastern Illinois University Foundation				
Environmental Protection Agency				
General Assembly – Retirement System				
Governors State University				
Governors State University Alumni Association				
Governors State University Foundation				

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Historic Preservation Agency				
Illinois Community College Board				
Illinois Conservation Foundation				
Illinois Finance Authority				
Illinois Housing Development Authority				
Illinois Mathematics and Science Academy				
Illinois Mathematics and Science Academy Fund				
Illinois Medical District Commission				
Illinois Petroleum Resources Board				
Illinois Sports Facilities Authority Pursuant to (PA 91-0935)	x			12/16/04
Illinois State Board of Investment				
Illinois State Toll Highway Authority – 12/31/04				
Illinois State University				
Illinois State University Foundation				
Illinois Student Assistance Commission				
Illinois Student Assistance Commission Designated Account Purchase Program				
Illinois Student Assistance Commission – Prepaid Tuition				
Illinois Veterans’ Home – Anna				
Illinois Veterans’ Home – LaSalle				
Illinois Veterans’ Home – Manteno				
Illinois Veterans’ Home – Quincy				
Illinois Violence Prevention Authority				
Industrial Commission – Self Insurer’s Fund				
Joint Committee on Administrative Rules				
Judges Retirement System				
Judicial Inquiry Board				
Kankakee River Valley Area Airport Authority				

***FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS***

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Law Enforcement Training Standards Board				
Legislative Information Systems				
Northeastern Illinois University				
Northeastern Illinois University Foundation				
Northern Illinois University				
Northern Illinois University Alumni Association				
Northern Illinois University Foundation				
Office of Banks and Real Estate				
Pollution Control Board				
Prisoner Review Board				
Property Tax Appeal Board				
Secretary of State				
Sex Offender Management Board				
Southern IL University				
Southern IL University – Carbondale Alumni Association				
Southern IL University – Carbondale Foundation				
Southern IL University – Edwardsville Alumni Association				
Southern IL University – Evergreen Terrace				
Southern IL University – Edwardsville Foundation				
Southern IL University – Physicians & Surgeons, Inc.				
Southern IL University – Research Park				
Southern IL University – University Park				
Southwestern Illinois Development Authority				
State Appellate Defender				
State Board of Education				
State Employees’ Retirement System				
State Fire Marshal				
State Police Merit Board				

***FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS***

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
State Universities Retirement System				
State's Attorney's Appellate Prosecutor				
Statewide Single Audit – (Federal Funds)				
Teachers' Retirement System				
Treasurer – Bright Start College Savings Program				
Treasurer – Fiscal Officer				
Treasurer – Illinois Funds				
University of Illinois				
University of Illinois Alumni Association				
University of Illinois Foundation				
University of Illinois – Prairieland Energy, Inc.				
University of Illinois – Research Park, LLC				
University of Illinois – Ventures, LLC				
University of Illinois – Wolcott, Wood & Taylor, Inc.				
Western Illinois University				
Western Illinois University Foundation				

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial audits, single audits and compliance attestation examinations for the period ending June 30, 2004.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2005</i>	
•	Attorney General
•	Chicago State University
•	Department on Aging
•	Department of Central Management Services
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Commerce and Economic Opportunity
•	Department of Corrections – General Office
•	Department of Military Affairs
•	Department of Natural Resources
•	Department of Public Aid
•	Department of State Police
•	Department of Veterans’ Affairs – General Office
•	Governors State University
•	Historic Preservation Agency
•	Illinois Math and Science Academy
•	Northeastern Illinois University
•	Office of the Comptroller
•	State Fire Marshal
•	Southern Illinois University
•	University of Illinois
•	Western Illinois University

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the second quarter of Fiscal Year 2005 and it contains fifty-four filings with this Office.

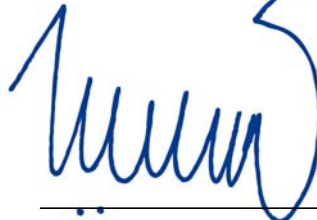
CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive based on retirement before 1993. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the second quarter of Fiscal Year 2005, the Auditor General received no new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

A handwritten signature in blue ink, appearing to read 'William G. Holland', with a large, sweeping flourish extending upwards and to the right.

WILLIAM G. HOLLAND
Auditor General